

ECONOMICS IN ACTION APRIL 1953

At the end of the first quarter of 1953 the prosperity picture is good but not brilliant...Jobs are available for almost 63 million people...Personal income for the nation as a whole is straining toward the \$275 billion mark for this year...Prices remain steady and hardly any shortages exist...Industry still has the throttle out for full production. More than a million homes will be built in '53, steel is still booming, and the auto manufacturers have set their sights at 6 million cars...Lots of people have cash (and credit) and they seem determined to use it....

The crystal ball for next winter, however, is a trifle foggy...The boom is already beginning to level out and prosperity may slide a little before the year is over...Defense spending will taper off by winter--unless, of course, the new Soviet regime turns out to be even tougher than the last. (The attacks on our planes in Europe have already knocked the props out from under the argument for immediate arms cuts.)...The end of the defense boom won't mean the end of our current prosperity, say the experts—but they're giving no guarantees...Besides, the demand for consumer goods and the amount of private credit may sag considerably before the year is out....

Because of full production, the ending of price controls has not brought about a significant increase in the cost of living...Prices have risen on a number of items--notably cigarettes and coffee for consumers, copper and sulphur for manufacturers...With food costs leading the way, however, the cost of most staples has kept firm or dropped a little...Even automobile prices, which have climbed pretty steadily ever

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since Pearl Harbor, hint at a slight downtrend, with dealers offering attractive trade-in allowances in order to spur business...House hunters are also likely to find that the cost of older homes is down 10 to 15 percent from a year ago....

Sidelight on the standard of living comes from a research scientist who specializes in insects. He says that our increasing industrial expansion and our rising standard of living have aided the mosquito just as much as they have aided man. We are, after all, the best-fed nation in the world--and our mosquitos are thriving accordingly....

The great butter bolster still goes on, with the government supporting butter at 90 percent of parity... Rumor has it that Agriculture Secretary Benson wanted to cut butter supports to 75 percent, but received a warning from the White House that it was 90 percent--or else! Continued butter supports have also caused margarine prices to stay high, since competition on "breadspreads" isn't keen enough to induce margarine men to cut profits...One reason for the drop in farm prices is that the demand for U.S. agricultural products abroad has shrunk enormously. Wheat exports, for instances, are down a third this year....

Another headache for the Administration is the tax program--still very much in the air. Congressman Reed, backer of a bill to give taxpayers a 5 percent cut for 1953, has announced that he wants action... House leaders, following Eisenhower's preference for delaying tax cuts until the budget is balanced, may try amending the bill to death--a tricky and not altogether satisfactory way to get rid of legislation....

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challenge

M A G A Z I N E

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ECONOMICS IN ACTION

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a personal note

ALTHOUGH THE GREATEST GUESSING GAME in the Western World today is to conjecture about what the living men of the Kremlin will do, the flood of words about the dead Josef Stalin continues to flow. For Stalin, after all, was a big figure in the contemporary world, and he did things in a big way. His deeds were sometimes constructive, often horrible, but rarely ineffectual. This makes him an intriguing subject, for his personality and his deeds pique human interest like a badly written, popular murder mystery. Moreover, Stalin in the Twentieth Century was a political anachronism, cut out of the cloth that Seventeenth Century kings were made of. His power was absolute; his person deified; and he was the lord over all men within his realm.

But now the king is dead. And no one in Russia greets Malenkov with the traditional "Long live the King!" For the fact of the matter is, Malenkov cannot pick up where Stalin left off. He must begin where Stalin began thirty years ago, an Eleventh Century ruler, one lord among many lords, a king-designate by reason of his function of arbitrating disputes among men with equal power. If we understand the evolutionary nature of Stalin's personal power and view Malenkov's position in its correct historical light, we shall be better able to project our thinking as to what might happen in Russia.

THE RISE OF JOSEF STALIN to absolute power is a lesson in political institutions which telescopes the history of Europe from medieval to modern times. Stalin began as a commissar among many commissars. He was one of several Bolshevik rulers. Just as the feudal lords held territorial fiefs encompassing large political units, similarly the commissars of Russia divided up for themselves large areas of political function. Just as each medieval feudal lord was a lord unto himself, so each Bolshevik commissar was all-powerful within his own sphere of political responsibility. In neither instance, medieval or modern, was the will of the common man considered or exercised.

The emergence of Stalin as the Supreme Commissar in a land of commissars parallels the historic rise of one lord out of many as a King. There are many reasons why between the Eleventh and Seventeenth Centuries a single lord developed a position of absolute supremacy over all others; but most important of these was the elemental desire to accept

a referee who could arbitrate differences and thus preclude suicidal civil wars.

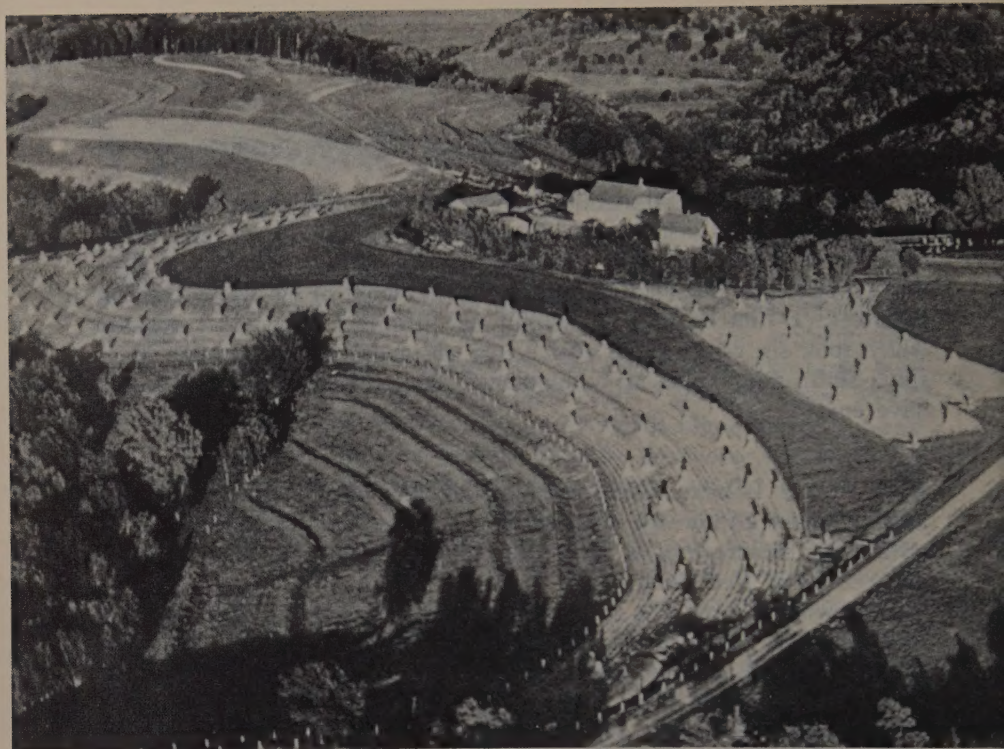
Stalin was a shrewd man. He might even be called a wise man if one does not choose to discriminate between a good and evil genius. There is no doubt that Stalin was ruthless and that he was living in a fast-moving age. His personal qualities and the tempo of his world made it possible for him to achieve, within one lifetime, a personal position which took six centuries to evolve into an institution of absolute kingship. Stalin maintained an omnipotence that even a Louis XIV would have envied.

BUT STALIN IS DEAD. The creator of the office of Supreme Commissar is gone, and with him the office as well. All precedent of absolute power within the structure of a Bolshevik state has been laid to rest in the glass coffin at Red Square.

So what is left? The system of commissars remains—just as Stalin first found it. The lords of the Bolshevik realm remain: the Molotovs, the Berias, the Bulganins and the others. Each of these men is a medieval lord, and each holds in fief a part of the functions of the Russian state. All of these commissars are old-timers and have been the beneficiaries of the political system of arbitration. They respect the maintenance of a balance of internal power. Thus, with Stalin's demise a new referee, Malenkov, has emerged. The free world should have known better than to expect that the Bolshevik lords would fall upon each other when the King died.

As long as the old-timers remain on the scene, there is little likelihood that any of them will jeopardize the system of which they are so much a part. It remains to be seen how well Malenkov understands his own role within the Bolshevik machine, that of an Eleventh Century king-arbitrator among lords of equal stature. For that is the only real precedent for his office. What he will make of his office is something else again. Perhaps the fact that Malenkov is not an old-timer will provide the monkey wrench; but he seems to affect the tunic of his tutor too well for that. For the present, as long as the delicate balance among the commissars is maintained, Stalin's death will not precipitate a domestic political crisis.

The King is dead, and Russian calendars have been turned back thirty years. The king and lords of the Bolshevik realm now sit in council, held together in an unholy matrimony. — HB



OUR GREATEST

by MORRISON COLLADAY

THIS DANGER, admittedly, isn't dramatic. It's not like the possibility of being wiped out by atomic bombs. It hasn't affected our everyday living — yet.

Right now there's no shortage of goods such as electric irons, baseball bats or milk. But if we go on wasting our natural resources, eventually we won't have enough of them to go around.

Water, oil, iron, lumber and soil make up most of the wealth nature

has put at our disposal. They underlie our economy; they keep our factories humming. If lost, water, lumber and soil may be replaced — at heavy cost and with years of work. If our minerals run out, however, they'll be gone for good.

We're draining these supplies steadily. Fifty years ago we produced about 15 percent more raw materials than we consumed (except food). This year we're consuming about 10 percent more raw materials than we produce.

Another glaring fact of our economic life is that the United States — with about 9.5 percent of the total population and about 8 percent of the total land area of the free world — eats up about 50 percent of the free world's volume of materials!

SO FAR, as a nation, we've shrugged off these facts. That's why informed people such as Louis Bromfield become violent —

"There are times," says Bromfield, "when the human race seems

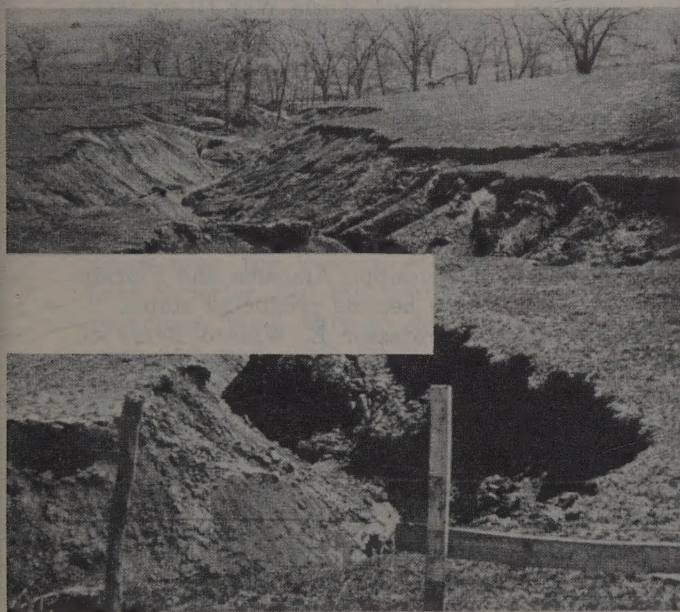
scarcely civilized at all and possessed of a mentality little above that of the Java ape man."

Authorities such as Fairfield Osborne and William Vogt, equally concerned but more restrained, have been doing vigorous missionary work during recent years to arouse people about what is happening to our land and water, our forests and minerals.

Probably the main reason for the average American's indifference is that he retains the attitude of his pioneer predecessors. The country was as big as their imaginations. When farming land in the East became worn out, it was always easy to go West and cultivate virgin soil. America to them was an inexhaustible treasure house of forests, iron, coal, copper, silver, gold and oil.

But today, having developed over the years from an agrarian to a highly mechanized industrial type, our economy has outgrown its resource base.

Here are the facts — and they



— SCC Photos

FRUITFUL — or wasted — land: these pictures show how today's use of vital resources will spell plenty or poverty for tomorrow.

apply to most of the rest of the world, too.

WHAT about water?

Most of us had never thought of water as a natural resource that might be failing, until the drought of four years ago made us cut down on consumption in New York and elsewhere.

Even now, we don't realize how serious it is that the water table—the water level under the surface—has been getting lower and lower year after year, because we are using more water than the rains and snows replace.

Recently, the Department of Interior announced that around Newark, New Jersey, the water table had sunk more than 200 feet. "A survey by geologists," says the report, "shows the situation to be near the critical stage."

In a Pennsylvania city not long ago, plans for a new factory had to be abandoned because the entire available water supply was being used.

This is Dr. Ogden S. Jones' warning to the American Society of Civil Engineers: "A consistent decrease in the nation's water supply may necessitate its strict rationing. If conditions do not improve, in the not too distant future the economic growth and industrial expansion of this country will be seriously affected; 75 percent of the springs and shallow wells

in the East have failed in the past fifty years."

The serious situation of farmers on irrigated land in the West is duplicated in the towns and villages of the East that depend on artesian wells for their water supply. It is summed up by the well diggers of the Hudson Valley. "The water just isn't there any more," they say.

WHAT about oil?

During World War II, we were exhausting our oil reserves while other nations were carefully husbanding theirs. The oil companies are wide awake to the situation. Active prospecting is being done today in many parts of the country where oil has never been found in the past. As a result, Mississippi, Alabama and Florida have become producing states.

Professor E. Willard Berry of Duke University suggested—in an address before the Geological Society of America—that oil may be found anywhere along the south Atlantic seaboard, but that drilling will have to go very deep "because layers of sandstone and other rocks extend downward in that area as much as 15,000 feet."

Taking into consideration the prospect of the discovery of new fields, the consensus of expert opinion is that oil production in the United States will be sufficient for the next twenty years, and

that oil shales will keep us going awhile longer if consumption continues at the present rate.

WHAT about iron, and other essential metals as well?

In a speech before the National Industrial Conference Board, William S. Paley, chairman of the President's Materials Policy Commission, warned:

"Unless long-range planning is applied, the United States is in danger of becoming a have-not nation in the next twenty-five years in such basic materials as iron ore, zinc, copper, lead, aluminum."

In comparison to other parts of the world the United States stands in a poor position as to iron reserves. Up to now we have mined most of our iron ore in the Mesabi range near the western end of Lake Superior. But this source is dwindling. We'll have to depend more and more upon methods of extracting the metal from low-grade ores. It's not certain yet how good these methods are.

Among the sources of iron ore outside our borders, probably the recent discoveries in Labrador and Venezuela will prove the most advantageous to us. These present special problems, however, such as cost of transportation. Already it's running into hundreds of billions of dollars.

WHAT about lumber?

How long our supply will last at

the present rate of cutting is anyone's guess, but we already import more than we export.

The greatest timber stands left are in the Pacific Northwest; yet it was not long ago that two of the largest sawmills in the world located in that region closed down permanently because they could no longer get enough logs to operate profitably.

As Jay N. ("Ding") Darling, famous newspaper cartoonist and long-time fighter for conservation, tells it:

"I have been from one edge of the continent to the other in the old forested areas that have now been cut over," he says, "and that is where you will find ghost towns with schools closed, churches vacated, houses empty and the sawmills and storekeepers and other businesses bankrupt and gone."

The United States Forest Service calls attention to the fact that "the nation's standing reserve or capital amount of saw timber has shrunk more than 43 percent in the last thirty-eight years, largely because of unnecessarily destructive cutting procedures."

The service is now putting into operation a policy by which it gives to private companies the ex-

Mr. Colladay has written articles on economic and scientific subjects for several national magazines.

clusive right for 100 years to cut timber in the nation's forests.

The first agreement under this policy was with the Simpson Logging Company of Shelton, Washington. It involved 158,000 acres owned by the company and 112,000 acres of adjoining national forest timber, establishing "the first federal cooperative sustained-yield forest-management unit in the United States."

By the terms of this agreement, the company bound itself to cut the timber on its own 158,000 acres only in accordance with approved government conservation practices. These will provide for cutting only mature trees, removing them without unnecessarily damaging surrounding growth and in general harvesting only the annual net growth of the unit each year. This way the woods will last indefinitely.

WHAT ARE THE chances of reclaiming eroded, cut-over and exhausted farm land?

They are not promising, because, as Louis Bromfield points out, in this country the wastes are not returned to the soil. "The dominant practice here is that of funneling our mineral and agricultural wealth as rapidly as possible through our great cities by way of sewage and garbage wastes into the sea, thus poisoning our streams and drinking water."

Estimates of the acreage of farm land made useless for agriculture by erosion vary widely, but even the lowest is staggeringly great. No one has tried to estimate the acreage—not necessarily eroded—that has been exhausted beyond the possibility of restoration through fertilization. In a period of astronomical agricultural prices, there are hundreds of farms in the southern counties of New York, for instance, which can be bought for back taxes—because it is impossible for even the most experienced farmer to make a living on them. This condition holds true in many parts of the country.

This destruction of farm land is unnecessary. China has been growing luxuriant crops for thousands of years on the same land without the use of artificial fertilizers. The city of Milwaukee has shown how this country can do the same.

Milwaukee was getting its drinking water from Lake Michigan and at the same time discharging its sewage into the lake. As long ago as 1914, it began experimenting with a system of sewage disposal which had been successful in England. By 1925, it had established a plant which disposes not only of its own sewage but also that of thirteen neighboring towns.

The advantage of the Milwaukee system is that the sewage is

converted into fertilizer, which the city sells. Unlike most fertilizers, this has no odor, and it is rich in nitrogen, potash and phosphate. It provides organic matter for the soil which chemical fertilizers do not. Milwaukee christened the material "Milorganite" and receives enough from its sale to pay the expenses of operating the sewage disposal plant.

Chicago, Houston, Miami, Washington and other cities are either using the Milwaukee system or planning to install it.

AS FOR OTHER countries, a United Nations study recently called the attention of the General Assembly to "widespread soil erosion and loss of land fertility as a major concern throughout the world's non-self-governing territories of some 170,000,000 people."

The United States reported as to Puerto Rico, "It is estimated that more than 25 percent of the upper layer of the soil has been swept away."

Exhaustion of natural resources is a particularly serious problem in Mexico and South America. "The American republics," says William Vogt, chief of the Conservation Section of the Pan-American Union, "are living on their land capital, and unless there is a radical change in land management, they will become bankrupt. Within a hundred years, for

example, Mexico will have been largely destroyed."

He lists as the chief reasons for alarm the destruction of forests, over-grazing, soil erosion, the silting up of rivers and floods resulting from upstream misuse of land.

There are equally grave reports on Tunisia, the Belgian Congo, Nyasaland and South Africa.

South Africa is faced with the same conditions that we find in this hemisphere. The government became so alarmed that it summoned an American expert for advice — Dr. Hugh Bennett, former chief of the United States Soil Conservation Service. On the eve of his return, Dr. Bennett made a farewell address to the people of South Africa. What he said applies equally to us.

"The dangers are so great," said Dr. Bennett, "that a few years of merely talking about it, rather than starting a definite national program of soil, water and veldt conservation, will allow another 25 percent of the substance of life to drift downstream to the ocean. At such a stage, South Africa will have arrived at the unhappy and altogether unnecessary economic status of a decadent nation.

"I believe the strong people who built this nation will move heaven and earth to save it when they understand the full gravity of the situation." ■



UNCLE SAM'S MOUNTING APPETITE

JUST LAST MONTH the UN made known that the United States ranks first in the world as a trading center, supplanting Great Britain. We now handle more than one-sixth of all the international traffic borne by ocean, air and rail.

And during the period in which this has come about, our rate of imports has grown faster than our rate of exports. Bulking heavily in this rise of imports have been raw materials.

Thus the Paley Report, the five-volume findings of the President's Materials Policy Commission released last June, continues to take on significance.

This report, which threw a far-reaching light on the problems we face in raw materials supply, has touched off comments and argu-

ments which have opened the eyes of the man-in-the-street to the question as never before. Its recommendations are debated on the next few pages of CHALLENGE MAGAZINE by Andrew Fletcher and Arthur H. Bunker, two of the nation's ranking authorities.

Looking ahead, the report measured raw materials we would need — total war or no total war — by the year 1975. It based this upon the rate at which we're eating up these materials now.

The Commission pointed out that in mechanizing our economy during the last 40 years we have used up more of most metals and mineral fuels than consumed by the entire world in all previous history!

Headed by William S. Paley of the Columbia Broadcasting System, the President's Materials

Policy Commission set to work in January, 1951. It was instructed to "study the broader and longer range aspect of the nation's materials problems as distinct from immediate defense needs," and examine them in terms of military security, civilian welfare, and continued economic growth. It was to give consideration to the needs and resources of other friendly nations. It was to make recommendations to prevent "shortages of materials that would jeopardize national security or become a bottleneck to expansion."

Figuring that by 1975 we'd have 193 million people in the United States with a working force of 82 million, the Commission assumed we would continue expanding our economy by about 3 percent a year.

This meant we would just about double our output of goods and services. In order to do this we'd need 60 percent more raw materials than we use now, ranging from an 11 percent increase in demand for forest products to an average increased demand for minerals of 90 percent.

*I*T became strikingly clear to the Commission, as member Arthur H. Bunker tells it, that in the last fifty years the nation had changed from a net exporter of materials "on balance" to a net importer. From a net exporter of 15 percent of our production, we be-

came a net importer of 10 percent of our requirements. Even iron and petroleum, of which we'd long been so sure, had followed this trend.

And while our appetite for materials kept growing, our reserves of these materials were sinking in both amount and quality.

Among its forecasts, the Commission said that by 1975 we would need 40 to 50 percent more iron, copper, lead and zinc, 300 percent more aluminum and 2000 percent more magnesium. It declared we would depend more and more for these essentials upon other countries. It also said we'd require 53 percent more coal, 142 percent more natural gas, 109 percent more oil and 260 percent more electric power.

Its conclusions, as voiced by Chairman Paley:

- Get more materials and more energy from domestic resources at low cost.

- Make better use of what we get, and find ways to use new and abundant materials as substitutes for scarce domestic materials.

- Import more materials from other nations of the free world on terms that are advantageous to both us and them.

As we suggested, however, serious objections have been sounded to some of the Paley report's data and recommendations. On the succeeding pages experts Bunker and Fletcher have their say, for and against.



How Can Adequate Resources

Here are both sides of the debate on the Paley Report—the findings of the President's Materials Policy Commission on our long-term resources needs.

"Shortages Call for Planning Now,"
says Arthur H. Bunker.

Mr. Bunker, a member of the five-man President's Materials Policy Commission, is president of the Climax Molybdenum Company. During World War II, he was chief of staff of the War Production Board.

WHEN THE FINAL REPORT by the President's Materials Policy Commission was released last year, the comments in numbers alone were overwhelmingly favorable. However, it became evident at the American Mining Congress meeting in September that there was substantial

criticism from the mining industry.

It is not possible here to comment on more than a few of these criticisms. To begin, there was extensive and fundamental objection to the concept of projection of needs over the future. These criticisms ranged from statements that projection in itself was a form of crystal gazing, witchcraft or sorcery to more moderate views that to assume growth was reasonable, but that the possible variations were so great in the field of technological change, substitution of materials and habits of man that the end results would be completely invalidated. The Commission stated repeatedly that its projections only measured the prob-

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We Insure an Supply of Mineral for the future?

**"The Real Threat Lies
in Controls,"**

says Andrew Fletcher.

Mr. Fletcher is president of St. Joseph Lead Company, president of the American Institute of Mining and Metallurgical Engineers, and a vice-president of the American Mining Congress.

MINING IS A one-crop business. Inevitably, our mineral resources must decline with extraction and use. Some day, a long, long time from now, they may run out. But that is problematical, as we know the earth's crust contains all the metals we need in great abundance, even though in some cases the average quantity is extremely small.

The theoretically correct fact that we face exhaustion of the easily mined mineral deposits some time in the future causes our government officials periodically to peer through their periscopes in-

to the future, mixing their observations with statistical data of purely historical significance, and to burst forth with the most alarming conclusions.

A study of the many forecasts that have been made over the last fifty years or so shows them to have been largely wide of the mark. Most fears of shortages have been proven groundless.

The report of the President's Materials Policy Commission is the most thorough job of mineral forecasting that has ever been done. It deserves unstinted approbation for the constructive approach it makes to many of the serious problems facing the domestic mining industry, in taxes, in the need for incentives to compensate miners for the extraordinarily high financial risk they take, and for the analyses it makes of the impediments to foreign mining investment.

But the good in the report is unfortunately offset by the im-

pression that the cure for the apparent shortages the Commission forecasts is more government intervention — not only national, but international.

Moreover, the report fails to point out the reassuring fact that shortages have been with us from the dawn of history. It is scarcity that gives anything value. We have always found ways of getting around shortages — either by doing without, or by searching for more of the scarce article under the stimulation of the higher prices that shortages always bring, or by finding substitutes.

Invariably, when there is a lead shortage, which generally doesn't last long, the consumers move heaven and earth to find acceptable substitutes. They do this so successfully at times that they cause the miner much anguish, especially when the substitution proves so practical it completely displaces lead for a former profitable use. But that is part of the American system. We should not complain because this system has resulted in giving our citizens the highest standard of living in the world.

I REGRET THE USE in the Paley report of highly questionable statistical analyses, as when they deal with lead, to build up a case for a shortage and to foster the impression that only government

intervention is the cure. The report forecasts a yearly deficit of lead of 900,000 tons by 1975 — "deficit" meaning the difference between what is consumed, and what is produced by domestic mines plus recovery from scrap. But the St. Joseph Lead Co., using different figures and assumptions, estimates an annual deficit in lead of only 200,000 tons by 1975.

I also disagree with the Commission's recommendations for further drastic impairment of the historical tariff structure needed by our domestic mining industry. We miners function in a heavily subsidized national economy and, realizing the necessity, if only from military considerations, of a sound industry, we cannot subscribe to the Commission's philosophy of "The Least Cost Principle" and the sacrifice of the domestic mines.

Moreover, I take exception to the statement that, "The Commission is convinced that the solutions to the problems of material market instability must be sought through international agreements, in which the United States will have to take a leading part," and that in moving "Toward Better Controls," special consideration should be given to: (a) the multi-lateral contract; (b) international buffer stocks; and (c) international buffer stocks combined with limited quota agreements." This

focusing of attention on the desirability of negotiating international commodity agreements, popularly known as cartels, is one of the most astonishing suggestions to come out of Washington over the past few years.

THE PALEY COMMISSION holds up the International Wheat Agreement as a model. Surprisingly few people know that this simple agreement has cost the taxpayers of the United States over \$600 million and that through it we are furnishing breadstuffs to some forty-odd nations at lower prices than our own poor can obtain.

The weakness in the Wheat Agreement and similar plans is that the government is impotent to stabilize the flow of commodities, even though it be granted enormous power over both producers and consumers. In the exercise of that power, someone in the government has to decide the stabilized price.

The moment the decision is made, the die is cast. Consumers may not like it. The price may be too high. They therefore substitute or refuse to buy. Supplies accumulate. Then the government steps in to regulate production to the dismay of the producers.

On the other hand, if the stabilization price decreed by the government is too low, production declines. Consumers become fran-

tic. The government offers subsidies, or restricts uses, and we are off again on a ride with ever more controls.

All of these schemes reflect a lack of faith in freedom itself, and assume the citizen cannot be trusted to direct his own life, but must have a guardian to protect him. It is a great pity that so many theorists have succumbed to the economic doctrine of managed economies, managed currencies and managed markets. If we substituted for the word "managed" the word "rigged," we would be nearer the truth, for what they condemn vehemently in private industry, they would condone under government auspices.

All the inconveniences caused by the market changes are nothing compared to the results from drastic intervention of government to cure market maladjustments.

The bewildering aspect of the Paley report is that it endorses free enterprise, and at the same time expresses beliefs, conclusions and recommendations that point inescapably to more and more government control of our mineral economy. Our recent experiences since the Korean war with government controls of our metal markets, confirm my belief that controls only result in futility, waste and unconscionable discrimination. ■

ARTHUR H. BUNKER

(Continued from page 14)

lem generally.

The Commission started with a conservative estimate of population. It estimated what this population might need in end-products such as automobiles, houses and home appliances. For instance, in automobiles, we assumed a very slight increase in per capita car population.

We then estimated what "materials mix" would be used to produce these end products. For example, the data on potential copper supply in 1975 suggested a continuing incentive to substitute aluminum for copper. From this it appeared that copper consumption might increase 50 percent and aluminum 300 percent.

Of course, technological changes may have serious effects on many of the estimates, but that should not invalidate the general measurement of demand. We believe forward planning is justified and essential.

In raw materials industries, it is not customary to look ahead for long periods of time. The average mine will feel itself fortunate if it has developed its proven ore reserves five years in advance. However, the Commission feels that it is just as necessary to project requirements for raw materials as it is for a municipality to plan for its future pop-

ulation in water supply, schools, highways or hospitals.

The most violent criticism leveled at the Commission was for its conclusion that something should be done about stabilizing market prices for raw materials.

The Commission examined the wide swings in world market prices over a period of fifty years and concluded that price swings of 100 percent to 400 percent from base to peak created devastating losses to all, producers and consumers alike, retarded production, and produced great waste.

It concluded that it was "clear that economies of all free countries, producers and consumers alike, would benefit if it proved possible to moderate the boom and bust of materials prices."

It examined domestic and international efforts at stabilization and concluded that "commodity agreements of the international buffer stock type held sufficient promise of reducing market instability to merit serious consideration, and efforts to work out, as *tests*, stabilization agreements with other countries for a few materials."

*I*NDUSTRY IS ON solid ground in assuming that there are no master minds in government or elsewhere. The last twenty years have not justified great confidence in the age of the planners, or in cen-

tralized controls by our national government. We concur in this view. On the other hand, we think the penalty of not reducing market instability will be a great deterrent to the abundant production of materials.

The mining industry agrees, we believe, that wide fluctuations in prices are a great threat, whether in domestic or foreign operations. It is the suggested method of correction, of course, that disturbs them. Alternative suggestions have been numerous. The industry has suggested it might favor national buffer stocks to be bought and sold under an operation similar to the purchase and sale of government bonds by the Federal Reserve System. Others have suggested that the Government should establish a floor under prices similar to our agricultural parity program. There seems to be common agreement that a serious problem exists and that some dampening of violent price fluctuations would benefit all producers and consumers.

A BASIC CONCEPT of the President's Materials Policy Commission was that whatever the nature of the industrial tasks before the country might be, they could best be performed through private enterprise, spurred by the profit motive system; but we did not believe that the Government's responsibility in establishing a materials policy should be held at zero.

— Arthur H. Bunker

There was strong criticism against the Commission's recommendation to repeal the "Buy American Act." The Commission held to the principle that future continued economic growth will depend upon availability of materials at no increase in real costs; that is, at no greater outlay of human effort, capital or other productive energies than in the past. Any increase in real costs will necessarily tend toward stifling growth or to a reduction in our standard of living. Consistent with this premise and with a concept of full employment, the Commission felt that the greatest good of the country could be served by obtaining materials at lowest cost when consistent with national security.

It was particularly heartening to the writer to find that in discussions carried on more fully and quietly, after the open panel discussion at Denver, many of the first apparent differences tended to disappear.

I am convinced that many of our critics would have produced conclusions very similar to the Commission's if they had been charged with the same responsibility: namely, recommending the best solution for the country as a whole over a long course of time. This is different indeed from determining how best to make an immediate profit, at a fixed location, over a short period of time. ■

ATOMIC LIVING?... NOT YET!

***Harnessing The Atom For
The Welfare Of Humanity
Demands Scientific And
Economic Know-How!***

by HAROLD B. HINTON

OUR GENERATION will go down in history as the one that first unleashed the power of the atom and then built up a strategic stockpile of bombs, each crammed with incredible energy. But it may be a long time before the atom ceases to be a threat to the survival of the human race and begins to fulfill its promise of liberating man from the physical labors of making a living.

The automotive industry was founded by men building horseless buggies in their own small machine shops. The aviation industry was started by a pair of eccentric bicycle builders in Dayton, who

never sought a penny of outside money until they, personally, had achieved the first power-driven flight in human history. But the only safe prediction about the coming atomic energy industry is that it won't come about that easily.

THE ORDINARY CITIZEN, with no knowledge of protons and neutrons, can imagine a handful of atomic fuel running his automobile for its lifetime; a pellet pulling his tractor over all the acres he had to till; the light, heat, air-conditioning, cooking, washing and other operations of his home solved by a lead-shielded tube in the cellar.

His imagination admittedly runs far ahead of the forecasts of the few men in the world competent to judge such matters. But he shares with the technician the belief that, if world war can be avoided, he may live to see man's first timid step across the threshold of the next unknown portion of the universe. Certainly, no greater challenge faces contemporary scientists and engineers than that of harnessing the infinitely powerful atom to the welfare of humanity. As of today, seemingly insurmountable obstacles stand in the way of realizing this dream.

Although present laws bar private use of atomic power, the government will probably move fairly soon to free fissionable material

for purposes other than the production of weapons. The Atomic Energy Commission (AEC), now acting for the United States government in the ownership and control of all atomic installations in the country, has already agreed that the Atomic Energy Act be reviewed at this session of Congress.

The existing law was passed in 1946 by a Congress still awed by the miracle of the atomic bombs dropped on Hiroshima and Nagasaki. Even so, the declaration of policy stated that "the development and utilization of atomic energy shall, so far as practicable, be directed toward improving the public welfare, increasing the standard of living, strengthening free competition in private enter-

Atomic Dictionary

ATOM — infinitesimal building block of the universe; a string of 200 million hydrogen atoms would measure one inch.

NUCLEUS — central core of the atom; when it is split apart, energy is released.

PROTON — part of the nucleus; carries a positive electric charge.

NEUTRON — another part of the nucleus; electrically neutral, it can be used to bombard the nuclei of other atoms, causing them to split.

ELECTRON — smallest known particle of energy in the universe; whirls around the nucleus; carries a negative electric charge.

NUCLEAR FISSION — the splitting of an atom into two fragments, with the accompanying release of energy; uranium and plutonium are among the four elements capable of undergoing fission.

NUCLEAR CHAIN REACTION — when one atom is split, particles are shot off that cause other atoms to split; this continues indefinitely, with energy released at every step.

RADIOACTIVITY — the ability of certain elements to shoot off energy continuously; accounts for the glow on your radium-dial watch.

RADIOISOTOPE — artificially produced variation of an element; emits energy continuously.

prise, and promoting world peace."

As it has worked out in the past few years, this objective has barely been approached. Many people believe that world peace has been promoted by this country's production of atomic weapons. The public welfare has been served to a considerable degree through medical use of radioisotopes, by-products occurring when weapons are manufactured. But it cannot be said, in 1953, that atomic energy has as yet increased our standard of living or strengthened free competition in private enterprise.

BUSINESSMEN looking forward to using atomic energy for ordinary industrial purposes, as soon as the law allows, face a serious dilemma:

They stand to lose a great deal of money pioneering before the atom begins to pay back.

But if they decline the risk, the nuclear field will grow to maturity as a government monopoly, following the pattern of hydroelectric power.

More thought than is generally supposed is being devoted to this problem. Hard-headed corporation executives, paid to guard their shareholder's money and to make it multiply, have come forward with plans to apply atomic energy to industry. The schemes vary, but they have the common denominator (and common defect) of government financing of the initial cost.

The American public, through taxes, has already spent practically \$10 billion in developing atomic energy to its present state. The speed with which the new science has made strides is due, of course, to a complete disregard of cost, on the theory that the national safety was concerned. As things stand today, no one will quarrel with this thesis. But taxpayers would scarcely greet with enthusiasm plans for industrial development at public expense, where only a few companies and their stockholders would profit.

It would seem, therefore, that purely industrial use of nuclear power should be promoted by real risk capital, when the time comes, to insure public acceptance of private exploitation and to keep the atomic industry of the future from confronting a *fait accompli*, like the Tennessee Valley Authority, for example.

AS NUCLEAR TECHNIQUES stand today, scientists believe that the atom's energy will first be applied industrially in the form of electricity produced by using the tremendous heat generated in a controlled reaction. Such production is feasible today if the cost factor

Harold B. Hinton, correspondent for The New York Times Washington Bureau since 1932, wrote this article on special assignment for Challenge Magazine.

is not taken into account. It has been done at both the AEC plant at Arco, Idaho, and at the British Government's Installation at Harwell, in England. More than that, it is to be used to drive a submarine, an airplane carrier and an airplane, under contracts arranged with Westinghouse and General Electric.

So far as is publicly known, these reactors (as nuclear fission plants are called) will "burn" small amounts of fissionable material at a controlled rate. The heat given off in the process will be transferred by water under heavy pressure to more or less conventional steam turbines — with the fission of the atom taking the place of coal or oil to make the necessary heat.

The systems will be very costly. They are justified because of their military advantages. The submarine, the carrier or the airplane thus propelled could stay under or on the water or in the air for indefinite periods without refueling; and it is promised that the nuclear submarine will be able to travel faster underwater than has ever been imagined. The keel for the first of these craft, the *USS Nautilus*, has already been laid although its atomic engines will require a few more years to perfect.

SINCE THE Army's Manhattan District turned over atomic devel-

opment to the AEC on January 1, 1947, most of the work, experimental and productive, has been done by civilian firms under contract. General Electric, DuPont, Dow, Goodyear Tire and Rubber, Western Electric, Westinghouse, Monsanto and Union Carbide are among 5000 private firms now engaged on some aspect of the atomic program. Of the 150,000 individuals working on current atomic projects, only some 7000 are direct employees of the AEC.

Management and labor in these 5000 enterprises are obviously storing up technical knowledge, and experiments will constantly increase the already sizeable pool of civilian engineers, designers, metallurgists and other technicians familiar with nuclear processes. Nevertheless, they are getting little financial or business experience from their work, for there is no risk involved. They work on cost-plus-fixed-fee contracts and all their operations are subject to close government supervision.

THIS IS inevitable because the present situation demands complete security. Under the law, and as a matter of common sense, every item of atomic knowledge must be withheld from potential enemies, who might need just that small bit to perfect a weapon for use against us. There is also the

matter of safety. Handling radioactive materials is a dangerous business about which little is known, and the government demands safeguards, such as isolation of installations and internal shielding, which private enterprise could not easily afford.

Most important, the present contractors are under no competitive pressure, either from men in the same line of work or from men offering alternatives. Under a competitive system they might find atomic power too expensive to be practical. Conventionally generated electricity costs about seven-tenths of a cent to produce per kilowatt hour. But electricity made by nuclear fission might cost as much as two or three cents per kilowatt hour. At that rate, there would appear to be no place for the new power in a private enterprise economy.

On the other hand, there is a constant increase, year after year, in the demand for electric power throughout the world. Paradoxically, the rising curve of demand, and consequent production, will be paralleled by a rising cost. It is reasonable to assume that if conventional electricity will cost more in the future, and if improved technology brings down the cost of atomic power, the two price curves will one day cross. The gamble for the private investor is how long this will take.

Dr. James B. Conant, formerly president of Harvard University and present High Commissioner of Germany, has taken the view that this period will be so long that research on industrial atomic energy might well be shelved in favor of working directly toward harnessing the sun's rays. Other noted scientists have expressed the opinion that technical difficulties are so great they would not live to see nuclear energy employed in private enterprise. Nevertheless, many optimists refuse to be discouraged and some of them will be heard by the Joint Congressional Atomic Energy Committee during the hearings it is expected to hold this year.

THE ADMINISTRATIVE PROBLEMS involved in atomic manufacture are almost as great as the technical. They involve factors which are not treated in standard textbooks on economics and government, and any solution will demand a new concept of the relation between government and industry.

One approach would be for the government to license private companies to produce plutonium. This is now forbidden by law as a matter of public policy because plutonium is a fissionable material used in atomic weapons. However, a private producer of plutonium could utilize the great heat resulting from the nuclear reaction to

produce electricity cheap enough to compete with conventionally produced electricity — provided the government paid enough for the plutonium.

Some industrialists want to try this government-assisted system. Other more rugged individualists believe that government sponsorship is not a sound basis for capitalistic development of a new field and that a booby trap is built into any such plan. They point out that the price of plutonium can only be what the defense department, its sole possible producer, thinks it is worth. And this depends on the state of the atomic stockpile and the supposed imminence of war. A boost in the price of plutonium could make millionaires out of the stockholders. But a stoppage of purchase or a sharp price-cut could put these manufacturers out of business by making their electricity too expensive to sell.

The partisans of purely private enterprise in such a venture think they can get along without selling plutonium to the government. They believe engineers can develop a "breeder" reactor that would be an improved version of a design actually used for the production of token amounts of electricity at Arco, Idaho, in 1951. With this reactor, it is theoretically possible to replace part of the nuclear material as it is burned. The more this could be done, the less would

be the fuel costs for atomic electricity and it might one day reach a price level competitive with electricity as it is produced today. In fact, one company in Detroit has already announced plans to feed atomically manufactured power into the city's existing power lines — if the government will only allow it.

ON THE THEORY that the Lord tempers the wind to the shorn lamb, it may prove to be an economic blessing that the road to immediate use of atomic energy for industrial purposes is so thorny. Both the plan for producing electricity *and* plutonium and the plan for producing electricity alone pose tremendous problems. Imagination refuses to envisage the consequences of a sudden shift from what we now consider conventional means of power production to a world-wide system under which a handful of uranium would replace the countless billions of dollars invested in coal, oil and hydraulic ventures. Before we can make full use of atomic power, we will have to make many adjustments in our over-all economy. Even when it does come, it will be for big things: power generators, long-range airplanes, food purification and fuel oil production.

As for everyday atomic living, the answer is — not yet! ■

The story of America's handicapped workers

These Hands Are Able

OUR FAILURE as a nation to replace disabled manpower — at a time when it is crucially needed — is a story of shocking waste.

All over the nation, an average of 10 million persons is injured annually. Of these, about 330,000 are permanently disabled, and therefore lost from our labor force for an indeterminate time. This occurs in the plant, in the home and on the highway. As a result, at least one-quarter billion man days are lost to industry each year. Translated into money, this amounts to a \$5.5 billion production loss — enough to pay the annual interest on the national debt.

In fact, all this adds up to a situation where our National Manpower Policy Commission warns that "disability will become a ma-



— Inst. for the Crippled and Disabled

jor obstacle to national strength and vitality unless a determined and concerted effort is made to cope with it. It is not a matter for the vague future; the problem has shown itself already and will be with us through any prolonged defense mobilization period."

AGGRAVATING the civilian manpower problem is the fact that since 1950, over a million potential members of the labor force have been siphoned off into the Armed

Services. What the future trend may be is unpredictable because so much depends on global rather than domestic events.

Although the most recent figures on employment reach a record high of more than 62 million, the Manpower Commission has estimated that our needs are fast climbing *millions* beyond that point.

During the last year, the gap between needed and actual employment widened instead of narrowed.

This means that the labor force in industry, commerce and agriculture is going to be short of the required number of workers. The supply of skilled labor—technicians, draftsmen, metal workers, tool-and-die makers—is fast dwindling. A look at the help-wanted ads in any newspaper proves this.

WHERE ARE WE to get that needed additional manpower to keep our production lines from sagging?

A good proportion of the expected manpower boost could come from women workers. But women already supply about one-third of our civilian labor power. To encourage changes from aprons to overalls beyond that high point may be asking for trouble on the family front.

Elderly workers are another source of expected employment. Already they are filling semi-skilled, unskilled and service occu-

pations that have been vacated by drifts into defense work. How much more can be reasonably expected—in addition to what they are presently contributing—is hard to say.

The only other human source that has not been tapped to any considerable extent is that of the handicapped. Our neglect of that vital resource results in the waste of an important labor pool. At the present rate that disability is occurring all over the nation, a quarter million people annually require rehabilitation services if they are to return to productive occupations. That problem will be with us permanently!

Besides the annual rehabilitation problem, there is a vast backlog of 2.5 million disabled veterans as a result of World War II. And according to the very conservative report by the special Task Force on the Handicapped to the Office of Defense Mobilization, there are 2 million disabled persons who—with rehabilitation training—could become part of our production line. All this means that the rehabilitation problem is going to be with us for some time, too, especially since the handicapped are constantly increasing in numbers.

What can be done? A great deal.

What has been done? Not enough, judging from the fact that only about 58,000 disabled were placed in jobs last year. That is

less than one-fifth the number disabled yearly.

Underneath these cold statistics lies a huge reservoir of human willingness, ability and dignity waiting for an opportunity to do its share for the economy and turn the handicapped into taxpayers instead of tax-consumers.

For instance, there are 260,000 blind people in this country; of these, 18,000 are employed, but another 47,000 could eventually be added to the labor force with proper training and placement.

That the blind make first-rate workers is something which can be demonstrated quickly.

Anyone who visits the Lighthouse Industrial Plant in Long Island City, which is run by the New York Association for the Blind, will be totally unprepared for what he finds. Unless he is told, he will not realize that the switchboard operator and the receptionist are blind. The 5-story plant swarms with activity. Sewing machine operators work their machines in staccato bursts; weavers bang their shuttles back and forth; broom makers perform at top speed, controlling the spinning brooms with foot pedals. Lighthouse workers produce about thirty different items, ranging from mops to toys.

Moving from one place to another in their factory is no problem to the Lighthouse blind, who

use the guide wires strung above the main aisles. The work atmosphere is cheerful and the workmanship has established a wide reputation for the plant.

Other plants and workshops all over the country — the fifty-two affiliated with the National Industries for the Blind, for example — not only employ wage earners but also provide labor to various other types of industries.

At the Timken Roller Bearing Company in Canton, Ohio, blind workers are engaged in special, precise operations alongside of seeing co-workers. The only thing that distinguishes the blind are the red caps they wear to avoid traffic incidents; otherwise, they are on their own.

Other organizations place more emphasis on preparation for eventual entry into industry. For example, the Goodwill Industries of America have units in over 100 cities in the country; these provide training and employment for any and all variety of handicapped. About 30 percent of the people trained find their way into regular full-time or part-time industrial employment.

Goodwill's methods are unique. Their trucks canvass large areas, picking up tons of donated materials; these are distributed to various departments for repair and reconditioning. The articles are then



— Inst. for the Crippled and Disabled
WORKER WITH ARTIFICIAL left arm learns how to weld with an acetylene torch.
 sold in stores located in low-income neighborhoods. This enterprise has mushroomed into a multi-million dollar project.

Not only are discarded articles salvaged, but lives as well. As Edward E. Rhatigan, executive vice president of Goodwill's New York branch, points out: "Last year, over \$241,000 went into our employees' wage fund. With added facilities, we hope we can meet the demand from industry to train even more people."

SOME HANDICAPPED people have withdrawn into themselves so deeply that it takes a prolonged and imaginative program to encourage them to come into practical contact with the world again. For many, the road to complete

rehabilitation is a difficult one. They need medical, psychosocial and psychiatric help, as well as vocational training and placement. One of the agencies which recognizes and tries to fill this need is the New York Federation of the Handicapped, a community-supported organization.

The Federation helps draw out the personalities of all types of handicapped people — cerebral palsied, cardiacs, polio victims and deaf mutes. Gaining confidence and widening their horizons by dabbling in art or making ceramics, they gradually go on to more demanding jobs.

The Federation's executive director, Dr. Milton Cohen, is especially enthusiastic about a recent project. The Bendix Aviation Company subcontracted to the Federation an order for airplane stators — small electric motors used in remote control units and radio compasses.

Since the stators require ten separate operations, the Bendix people estimated it would take about three months for the Federation's workers to produce a perfect article. Five hundred stators in perfect condition were delivered *before the deadline!* This demonstration of team work and individual cooperation proves the skill, willingness and adaptability of the handicapped.

Prospective employers can draw



— *Johns-Manville Photo*

WITHIN SIX MONTHS after losing his right arm in an accident, Ted Raczkowski (left) was back on his job in a paper mill. Ted learned to live life anew at the Institute of Physical Medicine and Rehabilitation of New York University, headed by Dr. Howard A. Rusk.

innumerable similar examples from voluntary organizations all over the country. These groups help our manpower effort and, at the same time give individuals an opportunity to stage a comeback.

Organizations like the National Society for Crippled Children and Adults, the National Foundation for Infantile Paralysis, the National Tuberculosis Association, the American Heart Association, the Institute of Physical Medicine and Physical Rehabilitation, the Institute for the Crippled and Disabled, and the Disabled American Veterans—help provide the training ground and advisory personnel, but industry must supply the eventual proving ground.

SOME EMPLOYERS may not have availed themselves of handicapped workers because they questioned how good, how dependable or how risky the handicapped are on the job. These are natural questions, and they can be answered quickly.

The Labor Department—in two important studies within the last eight years—makes it clear that on the job, the handicapped are just another group of workers able to compete with their unimpaired fellow workers on an equal footing. During World War II, after all, 887,060 handicapped persons contributed ably to the defense effort.

What about those organizations which have had plenty of oppor-

tunity to observe the handicapped at work? H. W. Anderson, vice-president of General Motors, notes that "experience has demonstrated that successfully placed handicapped workers cease to be handicapped from the standpoint of earnings and productivity."

Henry Ford II is equally emphatic: "No man at the Ford Company is disabled — although there are 6,282 men and women who are physically limited. All of them have handicaps similar to those we find in many returning veterans. Everyone of these employees does a full day's work and receives a full day's pay. Their absenteeism and accident rates are considerably lower than those of other employees. No jobs were 'created' for them; instead, they were 'fitted' to the job."

It is this very important principle of selective placement that makes the difference between the success or failure of a handicapped person's adjustment to a job. Primary credit for the headway made by a careful placement — or "fitting" — goes to the Bureau of Employment Security, U.S. Department of Labor, which has about 1,700 local employment offices all over the country.

OFTEN, employers have a distinct psychological aversion to a maimed or physically disabled applicant. That may be because their

attention is distracted by the obvious disability. These employers must learn to concentrate instead on ability and assess all comers on their own merits. What the rehabilitated person wants is not sympathy but a job that he can handle.

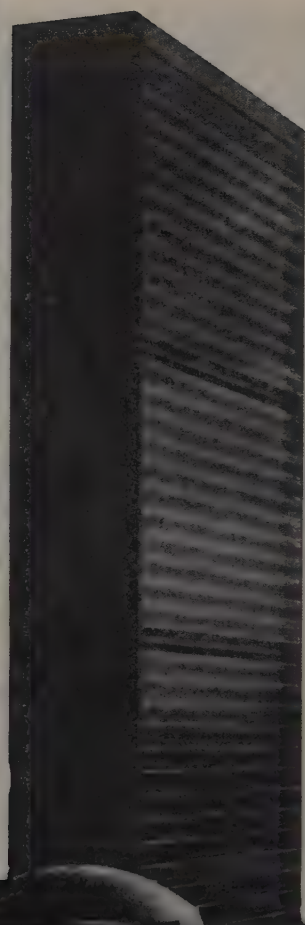
Each dollar used for rehabilitation programs works for individual security and for our national welfare. Over the years, every dollar spent for federal and state vocational rehabilitation programs has resulted in a *tenfold* return to the Treasury in taxes. Reduction of people on public assistance rolls, increase of wage earners and production potential — all are made possible by the numerous organizations who put the handicapped back on a pay-for-your-own-keep basis.

These organizations must receive enormous public support because the only way to rehabilitate the handicapped is to give them treatment and training. Under Social Security laws, help has been extended through provisions for Aid to the Permanently and Totally Disabled. Rehabilitation is largely a voluntary effort, however, and we must also make the incentives toward regaining economic independence as attractive as possible. Unless we do more than we are doing to rehabilitate and place our disabled workers, our economy and manpower needs may themselves be handicapped. ■



**Alcoa Building
Pittsburgh**

**United Nations Secretariat
New York**



— *Unations Photo*

THE SKY'S THE LIMIT

Today's office skyscraper reflects the centralization of business and the increase in land cost in our larger cities.

by PETER FINGESTEN

MODERN AMERICAN ARCHITECTURE is a distinctly new art form, and the new skyscraper is its most daring expression. Our warehouses, office buildings and factories are symbols of free enterprise and the spirit of progress, economically as well as artistically.

Architecture is inspired by engineering and art, but it is dependent mainly on economics — there is no business without building and no building without business.

Times of prosperity are reflected in increased building activities; during economic recessions, building and architectural progress are at a standstill.

This country today leads the world in industrial architecture. Competition and imaginative use of new materials have created new industries and a new style. Our technical know-how finds expression in structurally and economically sound industrial plants.

TODAY'S OFFICE SKYSCRAPER—reflecting the decentralization of business and increasing land cost in our larger



Lever House
New York

cities — has a relatively brief building history of about seventy-five years.

Its form was the answer to a problem which developed when horizontal expansion reached a limit within the congested areas of The Loop in Chicago, The Triangle in Pittsburgh and Manhattan Island in New York. Land costs rose to prohibitive levels as the demand for space grew. Since further horizontal growth became physically impossible, vertical expansion was inevitable, and the skyscraper was born. It quickly became the logical architectural expression of the American way of life.

At first, Americans did not appreciate the full significance of their own functional style, although in Europe it was hailed as a major artistic contribution to the world. American architects utilized the new structural possibilities, but they had a tendency to disguise them with gingerbread or romantic details.

European architects, followed the paths discovered by American pioneers, adopted the new style and refined it. Their work was strongly influenced by the introduction of steel, glass, reinforced concrete, and the cantilever — a

projecting beam supported only at one end.

Within recent years this interchange of ideas between Europe and America has been a two-way proposition. European architects have worked and studied in America, while American architects have borrowed from the designs of leading Europeans. Continuing the principles of Nineteenth Century American architects like Louis Sullivan, the new "International Style" stresses efficiency, practicality, economy and the intelligent use of space and materials.

ANY STRUCTURE — commercial or residential — should express its purpose both in interior layout and in the treatment of its facade. But even the starkest silo and the most functional factory can, with a little imagination on the part of the architect, be as beautiful as it is practical.

In tackling an industrial assignment, a good architect familiarizes himself with the processes of the manufacturer's product and plans a flow sheet which eliminates bottlenecks and speeds completion of the product. He knows that a well-planned, well-lighted building encourages greater production, and he realizes that for a maximum of human efficiency, working space must be pleasing in colors, textures and light.

All of this has a direct bearing

A well-known sculptor, lecturer and writer, Mr. Fingesten is now an associate in the arts at Pace College in New York City.

on increasing production, and it enables the manufacturer to meet competition better. The result is more products at lower prices — and a benefit for the consumer.

It benefits the manufacturer, too.

"Since I modernized my factory, my business has tripled," is usually the report after any intensive overhauling.

Today, a whole new industry caters to the economy-minded businessman. In order to plan a factory, all he has to do is pick up the phone, specify his needs and a new plant can be set up in record time from prefabricated materials.

There are new production methods: the prefabrication of tilt-up walls, put up on the site; standardized steel spans; stainless steel curtain walls; and a great variety of casement windows, interior panelings and roofings.

For smaller industrial plants, there are several lines of prefabricated load-bearing panels which greatly reduce construction costs.

The advantage of prefabricated spans, roofs and walls is that these metal units are extremely flexible in their adaptability, and, of course, they greatly reduce fire insurance costs — no small consideration with many industrial plants.

*I*MAGINATIVE combinations of masonry walls with prefabricated



Philadelphia Savings Fund Society

metal elements have opened up new vistas in economical as well as esthetically satisfying commercial structures. While the facade and entrance may be individually designed in order to express the particular character of the product, the manufacturing floor can be entirely prefabricated.

New materials and better building methods are constantly being developed in America.

A great variety of differently textured interior panelings have reached the market recently. Among them, striated plywood, weldwood, and corrugated glass

are the most popular because they require only a minimum of cleaning and have many decorative possibilities for offices and factories.

Industrial architects and engineers are experimenting with materials that may some day replace even steel and masonry.

Prestressed ceramics have a great future in architecture. They are usually stronger than steel; they are made from an abundant and cheap raw material — clay — and they resist corrosion.

Glass bricks and blocks have already made their appearance and are both practical and beautiful.

A good example of this new material is Foamglass, developed by Pittsburgh Corning. Each brick contains millions of tiny cells sealed in innumerable glass bubbles — this gives a wall made of Foamglass an extremely high insulating value and automatically reduces heating or cooling cost.

Innovations like the generous use of glass facades, stainless steel, aluminum, ceramic tiles, air conditioning and radiant heating prove that the evolution of the skyscraper has not stopped but is becoming technically and esthetically refined.

The results of the revolutionary development of the office skyscraper — inspired by the American triumvirate of architects, Richardson, Sullivan and Wright — are in

the skylines of New York, Chicago and Dallas.

The Secretariat of the United Nations and Lever House in New York, the Philadelphia Savings Fund Society Building and the new Aluminum Company of America — Alcoa — office skyscraper in Pittsburgh point to new directions in industrial building.

The United Nations Secretariat and Lever House resemble tall blue crystals. In each of these structures, the architects took the human element into prime consideration. These buildings do not grow limitlessly into the sky in spite of their culminating height. Each story is clearly expressed by the horizontal accent of the running bands under the windows. One has the feeling that in these offices thousands of people work in cheerful surroundings.

Often called by European architects the most beautiful skyscraper in the world, the Philadelphia Savings Fund Society Building has a ground floor lobby and offices above it made of differently colored granite and limestone veneers. This combination of horizontal accent and imposing height make the building a thing of beauty — in addition to a very functional bank.

This building is another example of how our modern American architects are able to serve business and industrial needs

without sacrificing any human, esthetic or economic elements.

Perhaps the most dramatic recent skyscraper is the aluminum-clad office building—the first in the world—of the Aluminum Company of America in the heart of Pittsburgh. The new 30-story structure serves as a glittering showcase for its company, as do most skyscrapers.

With this building, Pittsburgh, which so successfully pioneered in the development of structural steel, now launches a new material for the building trade—aluminum.

Alcoa demonstrated in its new structure the practical application of aluminum curtain walls, cheaper and lighter than conventional limestone walls. The structural skeleton of the 410-foot tower is made of steel, but because of the much lighter aluminum walls, lighter steel beams than ordinary could be used. In this way, over 3000 tons of steel were saved for defense.

Aluminum substituted for a variety of other materials, too. It was used for conditioning ducts and water pipes; it replaced copper for wiring—with a saving of about 25 percent.

The building is entirely air conditioned. Inside, the fixed partitions are of ceramic tiles and the office dividers are corrugated glass panels which add texture to the

individual sections of each story.

The unusual exterior pattern of the Alcoa structure is the result of stamped six-by-twelve foot aluminum sheets with reversible windows set in. This makes a diamond pattern over the entire facade, and gives the building the appearance of a gigantic honeycomb. This stamped pattern also has a practical purpose—it increases the tensile strength of each aluminum sheet.

Another big advantage of the aluminum facade of the Alcoa building is that it needs no cleaning or maintenance. Since the windows are reversible, turning on a center axis, they can easily be cleaned from within.

This type of building has many possibilities, especially as to stamped patterns, and — when coated with vitreous enamel — color. We may safely predict a new and more colorful appearance in the cities of the future.

Continuing improvements and adaptations of the skyscraper and the use of new materials symbolize the vitality and economic leadership of our nation; they assure our continued leadership in modern architecture, a position we have maintained for more than seventy-five years. For this, we are indebted to the creative, progressive American architects who have changed not only the face of this country but of the world. ■

TRADE NOT AID



**Our efforts to build a strong,
free world need to be redirected.**

by H. W. PRENTIS, JR.

THE UNITED STATES is at a turning point in its foreign assistance program. The emergency precipitated by the biggest and most destructive war in history has lasted seven years. In that time we have lavished \$38 billion in gifts and supplies to our friends and allies in the Free World.

There is no doubt but that this vast aid program — despite all the faults and the waste which inevitably accompanied it — has turned the postwar tide of communism. Lend-lease, Marshall Aid,

the British loan, Point Four, NATO and the Mutual Security Program — these are the moves which have enabled Europe to recover from the chaos of war. And they have made it possible for other friends throughout the Free World to cling to their freedom and to make a new start on a sound and healthy national life in spite of Russia's cold war which daily has threatened them from all sides.

But it is clear today that this emergency period must end. Our allies are protesting our charity



and clamoring for a more healthy economic relationship. "Trade not aid" is the slogan of the hour. From London to Tokyo and from Stockholm to Johannesburg and Rio de Janiero, the demand is for leadership not gifts, for assistance in rebuilding and expanding world trade so that every nation can share in the business and build the self-respect that comes from earning its own way in the world.

We have a special obligation in backward areas of the world where the spread of communism is a constant threat. Communism breeds and flourishes particularly where poverty, disease and ignorance are the way of life. It can be stemmed when people are taught how to build a better life for themselves. It can be stopped when individual initiative is put in motion and

directed toward self-emancipation.

The United States is the only free country with enough strength to set the climate for a healthy development of the economy of the whole Free World. Canada can help — and unquestionably will — but the real responsibility for providing aggressive leadership rests on us. We have all the tools at our disposal. But a critical examination of our use of them must leave us with the foreboding knowledge that we have not been either sufficiently vigorous or ingenious in applying them, nor has there been any consistent pattern in our efforts.



Mr. Prentis, Chairman of the Board of Armstrong Cork Co., recently headed a team sent to England by the Mutual Security Agency to study the effectiveness of our foreign aid program.

Our best hope for world peace must come from the increasing strength of friendly nations. And their strength must grow from their own self-created, sound internal economy. They must learn to live within their means. We cannot and should not continue handouts of United States dollars. Our economy, strong and rich as it is, cannot stand such a drain indefinitely. It is clear today that our efforts to build a strong, free world need to be redirected.

Instead of receiving alms from us the world is asking for a chance to earn its way by being allowed to trade with us. The claim of our friends is that we give them money or offer them loans, but we close our markets to their goods, so they have no way in which to repay us. There is the demand from all sides that we lower our tariffs or scuttle them completely.

It is impossible to say how far our imports would expand if duties were completely eliminated. I personally feel that the deterrent effects on imports of our existing tariffs is exaggerated by our European friends. This view is confirmed by a recent statement of Mr. Robert Marjolin, Secretary General of the Organization for European Economic Cooperation. Says he, "However much European exports to the dollar area might be expanded, they would not suffice to finance all essential im-

ports. One of the essential responsibilities of Europe is to produce at competitive prices the goods which the rest of the world needs."

Certainly, no responsible manufacturer is going to propose that the United States go on a free trade basis, or that we make further drastic cuts in our tariffs without a full examination of the possibly dangerous effects on local producers of competitive goods and without some estimate of the beneficial effects on overseas economies. No figures are available today as to how much of our dutiable imports are subject to tariffs exceeding 100, 75, 50 or 25 percent, for example. Without such figures, no intelligent estimates can be made of the actual effects on imports of tariff reductions.

I would, therefore, like to propose that we undertake a thorough statistical study of our tariffs from the point of view of reducing or removing them completely when they are protecting no domestic industry or where our own shrinking reserves of strategic materials make it no longer wise to maintain a barrier to soaring demands for imports.

THE RESEARCH, I warn you, is going to surprise a good many of us. Why, for instance, is there a cent-and-a-half per pound duty on nickel? We mine none in this coun-

try; we don't even smelt it here. Yet we see it used in hundreds of everyday products, from five-cent pieces to bicycle frames. Would we import any more if we killed the tariff on nickel? I doubt if we would increase our purchases very much on this score alone, but we would be paying less for it and we would have removed one big item from our tariff schedule.

No nation in this world can afford better than we the dozens of luxury items made abroad. Europe is filled with them, and Europe — more than any other part of the world — needs to sell to us. There is no security angle on this business, but duties are very high — quite often in the neighborhood of 100 percent. What are we protecting domestically with these high duties?

A word of caution to foreign manufacturers may well be injected here. They must constantly keep in mind that imported goods *per se* no longer enjoy the preference they once had in the United States. Hence, if foreign producers are to gain access to any markets in America, they must offer goods that in design and price are adapted to the needs of the American consumer and which are truly competitive in every respect.

I would remind the team that may make this study, however, that what we are searching for is a rational tariff policy and not

one which blindly seeks the elimination of all tariffs. Our high labor standards and our national security are responsible for some of our tariffs and there should be no question of endangering either. Our allies in the Free World would gain nothing if we jeopardized either of these principles in order to buy from them. Our national defenses are the main bulwark for all of us against the rising tide of communist aggression.

Even before we know the results of our tariff study, I would suggest that another far more promising avenue for sales to the United States is opening to alert overseas suppliers.

Gradually, over the last twenty years, the United States has begun to run out of adequate supplies of raw materials to feed ourselves and our industries. From 1900 to 1920, the United States was a net *exporter* of all materials combined. The surplus going abroad amounted to nearly 15 percent of our total production. But now, despite the fact we have vastly increased our production, we are net *importers* of 10 percent of the gross value of the materials we consume. In the field of minerals and metals we now import nearly one-third of all we use.

*L*OOKING BEYOND our present needs, the potential of our market takes on really exciting propor-

tions for any eager overseas supplier in the light of the Paley Commission's forecast of our requirements in 1975.

Long-range forecasts always need to be taken with a grain of salt, but according to the Paley report, even without all-out war, we will be using 53 percent more of all materials than we did in 1950, and for minerals alone we shall need to up our purchases by 90 percent. This means, for example, that we shall double our present imports of nickel, triple the inflow of cobalt, and boost our demand for chrome ore by at least 100 percent.

These are the predicted facts which seem to me to offer our overseas friends their really important opportunities to boost their sales to the United States. In this we have even made the market survey for them. Tariffs are a minor item on most of these commodities now; almost surely we will want to reduce them further as our home supplies near exhaustion.

The second field in which decisive action must be taken if we are effectively to put our foreign trade relations on a sound basis is overseas investment. Immediately after the war it was assumed that private risk capital would flow from the United States to develop the world's resources much as private European capital went abroad

in the Nineteenth Century.

There are a number of reasons why this has not happened. One is the unprecedented capacity of our own economy to absorb new capital. Another is the fear that the cold war will become a hot one. Others are the inconvertibility of currencies, fear of nationalization, local discrimination against foreign capital, and the unstable position of many foreign governments.

Despite these formidable obstacles, it is generally recognized now that foreign investment is becoming a "must," both for the United States and for foreign countries if we are to keep the Free World on a functioning basis.

Further, this flow of investment capital cannot follow the narrow channels of the last few years — largely to the Middle East oil fields and to Canada. The raw materials we shall desperately need in the next twenty years are scattered far beyond these areas — in Africa, Latin America and Asia. The vital supplies will be most speedily and efficiently produced if United States private capital and know-how join forces with local interests overseas to do the job on a partnership basis.

To speed this development we urgently need cooperation from our government in the form of tax relief for capital going abroad on basic development projects. Even more importantly we need the full-

est cooperation both from Washington and from the governments of other countries to create overseas a more inviting investment climate — one freed of crippling exchange controls, of discriminatory legislation against foreign citizens and enterprises, unreasonable restrictions on earnings and the transfer of profits, and uninformed attempts to dictate managerial policies.

For our part there is the responsibility of proving to other countries that their apprehension about admitting foreign capital is groundless. We must demonstrate that modern foreign investment is a far different institution from the exploitative adventures of a half-century ago. The development of our own country — with millions in investment capital during our formative years coming from Britain, France and Switzerland — should be the best demonstration of the importance of foreign investment.

EUROPE IS STILL too impoverished by World War II to have adequate supplies of local capital for the big development jobs that need to get started at once. Africa, Asia, and Latin America have never built up adequate supplies of local capital to meet their requirements. This places the responsibility for doing the job

squarely on us. It is one of the surest ways of helping other nations to help themselves, even though the sending of American capital abroad will gradually increase the necessity of our accepting more imports in order to pay a return on such investments.

Almost more important than the export of investment capital itself is our willingness to send our "know-how" with it. When the American Cyanamid Company built for an Indian industrialist the first modern dyestuffs plant near Bombay, it invested relatively little in the project. Indians provided the bulk of the capital themselves. What they wanted from America was a modern plant, a staff of experts to start it and train local engineers, and a continuing contract for technical advice to keep the plant operating efficiently and to assure the incorporation of new techniques as they become available.

When one of our largest Wall Street banks introduced the idea



of cattle loans to the capital-pinchd farmers of Panama it was considered locally to be a radical experiment which only a rich United States bank could afford to do. Today, as a result of the success of the experiment, local banks have taken up the program and are competing vigorously for the market.

When Sears Roebuck extended their chain-store business south of the Rio Grande they set out to stock as much local merchandise as possible. But they had very little luck because few local manufacturers — whether they made furniture or alligator handbags — knew how to produce in quantity to fixed quality standards, or how to test style trends in the metropolitan centers.

*T*ODAY, though far from satisfied, Chairman of the Board Robert E. Wood can point with pride to a handful of local manufacturers in Mexico and Brazil who have been sent to the United States and trained and are now producing a gradually expanding flow of well-made, mass-produced merchandise. Sears has introduced more than chain-store merchandising to Latin America; they have helped to establish efficient, small industries which will eventually become the backbone of a sound local economy.

In 1952 we spent about \$350

million in the form of Point Four aid in underdeveloped areas. More than 900 technicians are in the field teaching poverty-stricken farmers in forty countries how to get bigger crops as a result of deep plowing with steel-tipped plows; how to boost cultivated acreage with modern tractors; how to dam small streams and create irrigation systems; and how to improve the strain of their stock or the quality of their seed.

I am not sure how effectively this job is being done but it seems plausible to me that the long-term effect of this \$350 million investment is going to be one of our most important countermeasures to creeping communism. If at the same time private business supplements this government-supervised drive with the kind of "show-how" typified by Sears Roebuck and others of our private industries, we shall gradually build a foreign assistance program that is as beneficial to us and our need for expanded markets and our security as it is to our less fortunate overseas friends.

There is no question today but that foreign economic assistance problems are going to be with us for a long time. They are the inevitable responsibility of the world's No. 1 power.

Military aid will go on as long as Russia threatens aggressive expansion. Today's pattern may shift

but for the immediate future it is likely to follow pretty much along the lines of our present operations. But our non-military economic assistance program must change fast. The period of financial hand-outs must give way very soon to a constructive, long-term program fitted to today's changed conditions. "Trade not aid" is the key to the future. If our imports must double in the next twenty years, where can we get what we need? More vital: *can* we possibly get as much as we must have of specific items in so short a time?

OBVIOUSLY, the whole direction of our foreign economic effort must be changed. Instead of bolstering a wobbly foreign government here today, and sending a shipload of wheat to another tomorrow, we need to think in terms of what these people might supply to us that we must have. Then, with the dollars they earn from the sale, they can buy what they need. No such constructive planning can possibly be achieved so long as our foreign economic program is administered, as it is to-

day, through more than a score of Washington agencies.

I urge, therefore, that a single agency be created in which all our foreign economic policy is coordinated and reoriented to this new concept — a single agency to which all in business can turn when we need data about overseas plans and conditions, one agency to which we can turn for all of the facts we need in order intelligently to do our own planning for private foreign business. This agency would not assume the responsibility of the Pentagon in the military field, but it should cooperate with it to eliminate duplicate action and expense.

Looking further into the future, we have a responsibility to ourselves and to our country to see that this nation makes adequate provision for the raw materials we no longer will be producing at home.

On our sound handling of these problems now will rest the eventual security of our country and the long-term strength of American industry. ■

Fishermen's story

THERE'S ALWAYS something new under the sun, and the latest is the discovery of a new use for worn or shabby wooden beer cases. In the hopes of creating a new mecca for local fishermen, the Bay Shore Tuna Club on New York's Long Island has arranged with a brewing company to dump 5000 cases filled with cement into the ocean. The club's theory is that the wooden cases will attract marine growth upon which fish feed.

American Revolution PETTICOAT STYLE

why are women working?
what is the effect
of their working
on the home,
on industry?

by LEE R. RHODES



"**N**O SUBJECT has caused more controversy during the past half-century than the status of women.... Women have revolutionized their place in society and this could not have been done without meeting a very complex series of problems."

This is a statement by President Millicent C. McIntosh of Barnard College—who is both an active participant and an astute commentator on the social revolution which our country is currently undergoing.

Let us look a little more closely at our changing society, and at the repercussions of this change.

One out of every three women in this country is working today. There are at present some 20 mil-

lion working women—a far greater number than at any other time in our history.

The working woman of today is a mature person—her median age in 1940 was 32; today, it's 37.

Perhaps even more surprising is the fact that at present there are more married than single working women—about 55 per cent are married. This might seem a bit startling at first glance, but there is a completely logical explanation for it.

DURING THE YEARS of World War II, the armed forces drew heavily on manpower reserves; industry hired more and more women. Many older married women

who no longer had heavy family responsibilities went to work; so did many service wives.

Today, the women working are predominantly women whose children are of school age—not the mothers of very young children. The labor force now includes about 3 million more women over 45 than in 1940.

But the younger group of working women has shown almost no increase in numbers. There are only a very few more women between the ages of 20 and 34 working today than in 1940. It is in this age group, of course, that women are most likely to have small children.

What this means is that less is “happening” to the family relationship and to women’s roles as mothers during the crucial years of a child’s development than a first glance at the 20 million figure might indicate.

Apparently, even though a great change has come about, it has not been so great as to subordinate women’s traditional role as mothers. The pressures which have kept most women working have *not* been primarily psychological pressures. They have been predominantly economic.

According to the Bureau of the Census figures, wives are much more apt to enter the labor force if the husband’s income is low. About 30 percent of wives whose

husbands earn between \$1000 and \$2000 are in the labor force, as compared with about 12 percent of those whose husbands make over \$10,000.

IT ISN’T THAT today’s husbands don’t earn enough when compared to husbands of other generations. Rather, it’s a combination of forces.

Increased productivity has created more goods on which to spend money. Our standard of living is constantly rising—and our range of “necessities” changes rapidly, dramatically. Fifty years ago, necessities meant food and shelter. Today they are likely to include telephones, automobiles, radios.

There’s another aspect to husband-wife partnerships, and it has a direct influence on why women work today. Earlier in our history, during those periods when “work” meant physical labor and homemaking was much more difficult than it is now, the division of labor (and that’s what it was) was a logical and meaningful one.

The man worked in the fields or in the factory.

The wife worked at home.

From sunup to sundown, she baked her own bread, she made her family’s clothes and the household linens, she had the respon-

Formerly an editor of “Science Magazine,” Mrs. Rhodes is now one of the editors of “Charm, the Magazine for Women Who Work.” She has a daughter, Suzie, 9.

sibility of preserving enough food in one season to last four, she even made her own candles and soap. She had a career in every sense of the word, and she worked long and arduous hours.

Technology has freed women from the manual aspects of house-keeping and given them time to look outside the home. In turn, the time spent outside the home has created demands for more and better labor-saving gadgets.

THE WOMAN who works finds that she needs — and is more likely to be able to afford — labor- and time-saving devices: the home freezer, the mangle, the dryer, the washing machine. This is good for industry and good for her.

Her family will be better able to afford medical care and insurance. There will be a greater likelihood that her children will be able to go to college. She and her family will have more to spend on entertainment, on cultural pursuits. She will be utilizing her education and will be far more fulfilled and hence a better wife and mother than if she felt herself cheated and made her family suffer for it. She will look ahead to a productive, meaningful middle age, instead of dreading the time when her children will be leaving home and her "job" completed.

Her status as a "dependent" is changing. More and more, the con-

ventional concept of "woman's work" and "man's work" is being broken down. Husband and wife both contribute to the family income, so they are both contributing to the efficient operation of the household. Husbands are shopping for or with their wives, taking the clothes to the laundry, starting the dinner.

Of course, it is in this area that there has been something of a cultural lag. Our economic development has run somewhat ahead of our social thinking.

It takes a real maturity — and not all of us have reached this yet — to accept these changing roles without any qualms.

Inevitably, many women feel a certain amount of guilt about leaving their children — about 25 percent of working women have children under eighteen; 15 percent have children under six.

A good many men feel defensive because their wives "have" to work.

WHAT HAS HAPPENED to the conventional picture of the family — the one in which the man is breadwinner and the woman is homemaker?

What happens to the male ego when he finds his function infringed upon by a "mere" female, who up to that time, throughout recorded history, needed his protection and his strength?

The answer is not a simple one. We are much too close to this whole change to be able to view it with sufficient objectivity. But surely the answer must be that after an inevitable period of catching up, we shall be able to accept the social changes which our changing economy has necessitated. Our traditional concept, after all, grew out of necessity.

Scientific advancement has made us a longer-lived people, and women are outliving their biological functions of child-bearing and child-raising by a good many years. These years must be put to constructive use.

It will take time to accept this.

During this period of transition, many people may find themselves bewildered, and the less secure may not find their roles clearly enough defined. Homes may be broken up, ostensibly as a direct result of these problems. However, it seems safe to assert that these homes will have had other defects; these relationships will have been poor for other reasons; these people insecure from the outset.

Obviously, it is possible for mature men and women to adjust their picture of marriage slightly to conform with present-day realities. A successful marriage does not end because the husband takes the clothes to the laundromat!

As more and more women enter

the labor force, managerial qualms about hiring women, particularly for higher-level jobs, are gradually being dispelled.

While opportunities for women are still in no way equal to those for men, a survey made by the Women's Bureau of the Department of Labor shows that "in each field, though not in every plant, management is increasingly seeking the best person for the job without excluding women from consideration simply because they are women. . . ."

A striking example of the impact of working women on a particular industry is what happened to a prominent national fashion and service magazine.

Until three years ago the publication was subtitled "The Magazine for the Business Girl."

After the 1950 census figures showed that the traditional concept of the "business girl" — the youngster who worked only between high school and marriage — was no longer valid, the magazine became "The Magazine for Women Who Work."

Now, supplementing beauty and fashion features are articles on: the question of working while pregnant, how to best organize housework, how to shop efficiently, how to entertain on a limited time schedule, how to arrange the best care for children, and what happens when a woman goes back to

the office or factory after some years at home.

These are just a few of the problems of the woman who works, but they indicate the complexity of the socio-economic phenomenon we are witnessing.

America's buying habits are changing, too, in recognition of the special needs and desires of the working woman.

Stores are finding it desirable to maintain a large sales force during the hours of twelve to two, when working women shop on their lunch hours. Across the country, more and more department stores are staying open at least one night a week, and encouraging women to shop before they go home, or before dinner and a late movie.

Saturdays, traditionally shopping days, are becoming "family" days.

Many food markets are now remaining open as late as nine o'clock on Friday evenings, as working women seem to find this a more convenient time to do the week's "big" shopping than Saturday.

What, then, is the over-all economic picture?

Formerly, the family structure consisted of one worker who supported non-producers. Now, in an increasing number of cases, families may be said to have two heads! The result is that the standard of living of those families—and of the country as a whole—has been and is continuing to be raised.

The productivity level of the country has also been raised—goods and services have increased in availability.

Among the bugaboos which still need to be dispelled is the fear that women are taking jobs which might otherwise be held by men. This cannot be so—since unemployment is at a minimum now.

In our expanding economy, it's almost an axiom that there is a job for anyone who wants one.

Thus we have examined in some detail the mechanics of a revolution—petticoat style. It is complex, and brings with it many problems. But it has also created vast new opportunities . . . for everyone. ■

Happy Talk

THE NUMBER OF MARRIAGES last year showed a decrease of 4 percent from 1951, according to the vigilant statisticians of the Metropolitan Life Insurance Co. But the statisticians look to a brighter future: "A real rise in the marriage rate may be anticipated sometime during the 1960s, when the large crop of war and post-war babies begins to enter the marriageable ages in large numbers."

**Dr. Louis Bauer,
President of the
American Medical
Association,
gives the
nation's
doctors...**



A CLEAN BILL OF HEALTH

WE HEAR MUCH these days from some quarters about the cost of medical care, prepaid health insurance — compulsory, voluntary, doctor-sponsored, commercial, labor plans. We also hear much from the same quarters about a shortage of doctors, lack of proper public health facilities, proper medical care of the indigent and chronic invalid. Some politicians have even tried to dabble in the field of health.

Reports have been issued from many sources, including the Brookings Institution, the Health Information Foundation and recently the President's Health Commission. In some instances, the American Medical Association (AMA) has been called all sorts of names. It is not surprising then that the public has been confused.

The main confusion seems to center upon the costs of medical care. There is no doubt that medical care has become increasingly expensive as far as hospital illness is concerned. Even the diagnosis of disease and doctors' visits cost more now than years ago. But what are the reasons for this?

Medical education has increased in duration, from the two years without preliminary training of seventy-five years ago, to eight to thirteen years today. The result is that newer physicians, while better trained than ever before, have frequently amassed considerable debts for their education or have at least a considerable financial investment in it, and they are apt to be almost thirty years of age before they can earn a living. They also must provide for office rents,

salaries of secretaries, nurses, technicians, and equipment—the cost of which has doubled in the last twenty years. This means that a doctor's fees are forced to rise correspondingly.

This does not mean they will try to recoup their investment within a few years, but it does mean that they have a much shorter time to pay off accumulated debts, provide security for their families and provide for their continuing postgraduate education.

Next, medicine is no longer just an art but a science which has surpassed the art. Diagnosis has become complicated. X-rays, basal metabolism tests, various laboratory procedures — often long and complicated — electrocardiograms, electroencephalograms and spinal taps are frequently necessary; but the diagnosis often means the difference between life and death.

*H*OSPITALIZATION is the usual order of the day now, whereas formerly hospitals often were only places for the sick who were penniless. Hospitals have become complex, modern engineering institutions that are expensive to run. Physicians are often blamed for all the costs of medical care, whereas, as a matter of fact, the highest costs are in hospitalization. Yet, hospital care shortens many periods of illness because of available nursing and treatment facili-

ties. The newer drugs and biologics prescribed now are sometimes expensive. So, too, are the physical and mechanical methods of treatment, such as mechanotherapy, physiotherapy, hydrotherapy, electrotherapy and the like.

All these combined, therefore, have materially increased the cost of medical care. Yet, some of the factors are labor and material costs, over which the physician and the patient have no control.

What do we have on the good side? There are many items on the credit side of the ledger.

- Diagnosis is more certain.
- Treatment is more effective.
- Complications are lessened.
- Life expectancy has increased twenty years during the past half-century.
- Many diseases like typhoid and pneumonia have been practically eliminated.
- The duration of others has been shortened.
- High as the costs of medical care appear to have become, they have increased only about two-thirds as much as the general costs of living.

Twenty years ago, a patient with pneumonia would probably be in the hospital three to four weeks plus probably an almost equal time at home. In other words, he would be out of work for six to eight weeks. If he wanted the luxury of a private room, it would

have cost him about \$10 a day, or \$210 to \$280 for his hospitalization. Now, he would be in the hospital not over five days in most instances and home perhaps another seven to ten days. In other words, twelve to fifteen days out of work instead of six to eight weeks. His hospital room would now be about \$20 a day, but, for the same disease, it would cost him less than half what it would have

cost twenty years ago. His laboratory bill would perhaps be somewhat more today than twenty years ago. He would get an X-ray and blood counts rather than repeated sputum examinations and blood counts. His doctor bill, while more per visit, would total considerably less today than for the same illness twenty years ago.

Furthermore, he could not have obtained medical insurance twenty

Are There Too Many Specialists?

ACCORDING to a Brookings Institution report, one physician in three devotes his entire time to a specialty. What are the effects of this trend, and how is it being received? Here's what two experts have to say on the subject:

UNQUESTIONABLY, the medical specialist is top man in the current medical roost. Over-paid and over-rated, he is as fashionable right now as psychoanalysis....

The general practitioner... is definitely as insignificant nowadays as a skunk jacket next to a mink coat in a department store elevator—at least, when compared with his specialist brethren. Mostly, he is in serious danger of becoming the original Vanishing American. In those cases where he still persists, moreover, he functions mainly as a rather glorified first-aidier in very minor matters....

As the number of specialists of all kinds increased, moreover, so too was there a similar increase in their need for greater numbers of people to treat... To meet this need, therefore, it became necessary for the specialists to discredit the general practitioner whose services, in most cases, they wanted to duplicate at from two to five times the fee.

— Evelyn Barkins
in "Are These Our Doctors?"

IN MY OPINION the best specialist, with a few exceptions, is the one who has a background of general practice. It would be desirable to make a certain term of general practice required for at least the majority of the special fields. I believe this can be accomplished without increasing the time required for special training. A revised plan such as this would result in two things: better qualified specialists and fewer people going into specialties, because many physicians would find they like general practice and would stay there. As it is, they have no opportunity to find out....

The American Medical Association has approved the appointment of a Committee to confer with a Committee from the Advisory Board for Medical Specialties to explore the situation to see if changes cannot be made to increase the flow of general practitioners and decrease the flow of specialists.

— Dr. Louis H. Bauer
President, AMA

years ago to assist in the expense of his illness. Now, in most instances, he can.

WHAT ABOUT INSURANCE? So-called Blue Cross, which is most popular, commercial insurance, and hospital plans offered through industrial and labor plans have provided partial hospital coverage for nearly 100 million people. Over 60 million hold insurance protection against surgery and maternity problems. About 30 million have protection against medical care in whole or in part. These plans include Blue Shield, commercial, industrial and labor plans. Many of the plans are indemnity type plans; that is, the insurance acts as an indemnity against the doctor's fee, the patient paying the difference. The service type of plan is limited largely to the low-income group and affords complete protection.

These plans are growing by millions each year. All plans, both for hospital and medical care, have certain gaps which we are striving to eliminate. These gaps are insufficient coverage as yet for those over 65 and protection against illness of long duration. We hope these gaps will be filled in the near future.

Experience has shown that the average person outside the very low income group is more interested in insuring himself against

the items he knows will cost him money, such as surgery, maternity, hospital medical care and hospitalization, than he is in complete coverage. Complete coverage is expensive and unless the patient pays for part of his medical care he is less interested in seeing it a success and in preventing abuses. At any rate, only about 3 percent of those admitted to the hospital require more than twenty-one days of hospitalization.

Compulsory insurance plans have never solved the problem. They are all controlled directly or indirectly by government. Every one of them, without exception, is operating in the red. Not only are such plans expensive to the taxpayers, but they also result in a third party being interposed between the physician and the patient. Eventually restrictions are placed on the physician as to the number of visits and what he can prescribe. Medicine is not an assembly-line product, but governments with compulsory insurance plans endeavor to make it so.

The average person in the United States spends more each year for cosmetics, tobacco, alcohol, or for recreation than he spends for medical care. If people budget to buy an automobile, a refrigerator, or a television set, why not also *budget for sickness* by buying insurance?

Now, a few words concerning

the so-called shortage of doctors. Does it really exist? Here are the facts. Twenty years ago, it was recommended that we strive to obtain one doctor for every 1000 persons. We now have one for every 735 persons. Our nearest competitor among other countries is Great Britain, which has one to every 1000. We have increased the number of physicians by more than 30,000 in the past thirteen years. Our medical schools are at an all time high in enrollment. New schools are being organized and others in the planning stage. Our physicians are increasing at a faster rate than the population. Furthermore — and this is important — any physician can provide much more and better medical care today than he could years ago. This means that fewer physicians are required to provide a given amount of medical care.

What we need is a better distribution of physicians. For example, we have one physician to every 450 persons in New York City, but only one to 1800 in certain rural areas. We need more physicians in public health and more in pathology and possibly in one or two other specialties. Doubling or tripling the number of physicians will not solve the problem. They would still congregate in the cities and other fields of medicine unless they are attracted elsewhere. Physicians will not

settle in areas where there are no facilities for practicing modern medicine. Physicians will not go into public health work unless they can be assured of reasonable salaries and are freed from political pressure. Physicians will not enter the field of pathology so long as they feel, rightly or wrongly, that they are being treated unfairly by hospital management.

Some of the Midwestern states have solved the problem of attracting physicians to rural areas by the communities' establishing facilities for the practice of modern medicine. These facilities are then rented to the doctor or he buys them over a period of years.

Public health departments can obtain physicians if states and communities will remove the positions from the realm of politics and pay salaries equivalent to those they pay others having the same or less civic responsibility.

The indigent are a community responsibility. In many areas, they are adequately taken care of. In some, they are not. They can be in all areas. Medical societies and other local groups can work out arrangements with local government to care for these people. What has been done in some places can be done in all.

We need progressive planning for the care of the invalid suffering chronic and degenerative disease. The number of these people

is steadily increasing — the life span having been increased. Millions who would have died in infancy and childhood are now living to an age where they are susceptible to degenerative disease. The Commission on Chronic Illness, composed of representatives of several organizations and to which the AMA is giving the greatest financial support, is working assiduously on this important problem.

WE FREQUENTLY HEAR about overcharging, fee splitting and other unethical practices. They exist, of course, as no profession is entirely free of unethical individuals; however, every ethical physician frowns upon such practices, and only a small proportion of the profession is composed of this unethical kind of people. Unfortunately, however, they are the ones who get the publicity. Our medical societies may appear at times to be slow moving, but they are indignant over such actions and are cracking down on unethical physicians.

Very few drugs are truly expensive. The big problem has been with the chiselers who charge too much. Hospital pharmacies have been among the worst offenders.

I said earlier that the AMA had been called all sorts of names. There is probably no organization that has been so unjustly sland-

ered. Unfortunately, the bulk of the publicity that the AMA has received during the past four years has been in relation to its fight against socialized medicine. It is not remembered for its scientific activities, which occupy most of the time of its personnel and account for most of its expenditures.

That medical education in this country is unexcelled anywhere in the world is due in very large part to the AMA. When the seal of approval of some council or committee of the AMA is placed on any drug, therapeutic agent, cosmetic or piece of apparatus, it is a sign that can be relied upon by the profession and the public. The Association's campaigns against quacks, charlatans and worthless patent medicines have protected the public beyond estimation.

Our AMA Councils on Industrial Health and Rural Health have done much to improve health conditions in their fields.

The AMA is not completely satisfied with the present system of medical care, but it does not believe it should be entirely discarded. It is working steadily and diligently to eradicate defects and bring medical practices to a still higher level. The AMA, with all good Americans, believes in making progress by careful study, then trial. It believes in planning for the future through the process of evolution, not revolution. ■

*An informed free-lance writer
presents a layman's
point of view on*

THIS BUSINESS OF MEDICAL CARE



by RAYMOND BRIGGS

EVERY CHILD in the United States today can expect to live twenty years longer than if he had come into the world in 1900. Better fed, and immunized from diseases that terrorized people for years, he can reasonably expect to enjoy a greater degree of health than was possible at any time before in American history — if he can foot the bill.

Despite the slow-haul improvement that scientific medicine has helped make in the nation's health, we still have to face the following facts:

- Close to 30 million Americans are afflicted with some chronic disease or serious impairment.
- About 325,000 people die every year who could have been saved with proper care.
- More than 5 million men were declared physically and mentally unfit for the Army during World War II.
- Accidents that require medical attention number 9.5 million a year, with 330,000 of the injured sustaining partial or total disability.
- There is an over-all ratio of 121 physicians to 100,000 of population. But fluctuations are wide and disproportionate — 267 physicians to 100,000 in the District of Columbia while only 64 in Mississippi.

About a third of the 212,000 practicing physicians in the United States are full-time specialists whose fees eclipse those of the general practitioner.

- Only 20 percent of our population can afford to pay for required medical services; 50 percent manage routine services with difficulty; 30 percent find it impossible to do so.
- A little over half our population is covered by some sort of prepaid insurance protection, and then only against parts of total medical costs.
- By 1960 we may be short anywhere from 20,000 to 40,000 doctors to take care of our increasing population.

All this points to a long road that must be traveled before we can be satisfied with the nation's state of health.

OVER A PERIOD of years the medical profession has built for itself an enviable degree of respectability and confidence rivalled only by the clergy. A little while back, the word "doctor" used to conjure up a warm figure of a friend of the family who went his way carrying humaneness and pills in that small black satchel. That idealized picture is fast fading away for a number of reasons.

Philip Wylie last year in an article in *Redbook* magazine summed up mounting public discontent with the indictment that "the 'noble art' of medicine is too much practiced as a *business* in which life and death are mere commodities—and that the medical profession... too often looks the other way when you and I and our loved ones suffer or even die because of medical greed..."

It comes as a shock to many persons to realize that the doctor is in business for business' sake. The glamor and "sacred cow" aura that has been built up around the profession has obscured this fundamental fact of economic life. Yet, a return to the romantic idea of expecting only humanitarian sacrifice from our doctors is not needed. The public must adopt a businesslike attitude in obtaining the best services at costs that the average family can afford.

In all fairness to the profession, are doctors being adequately compensated? A recent survey by the business publication *Medical Economics* and Columbia University's Bureau of Applied Social Research came up with the following: the average independent practitioner grosses \$25,000 yearly, of which \$12,000 remains after overhead and taxes are deducted; physicians' net income is anywhere from 10 percent to 15 per-

cent ahead of most other professional occupations.

All this sounds adequate. The usual argument that fees need to be as high as they are because of long years of education does not hold water. If the public were to pay the apprenticeship and education bill of lawyers, accountants, engineers and others, the results would be preposterous. Also, as any businessman knows, no shop can begin operation without a certain amount of investment. And, unlike the businessman, physicians do not incur the risks and bankruptcy hazards common to most enterprises.

INTERESTINGLY ENOUGH, the physicians who are more heavily concentrated in one area tend to earn less than those who are less concentrated. The economic principle in operation here is the old one of competition. Is it for this reason that, whenever the subject of the shortage of doctors is brought up, their representatives issue vehement denials?

Better medical attention and reasonably adjusted fees seem to go hand in hand with the increase of physicians and greater choice on the part of the public.

That the medical profession is business-oriented is obvious from some of the following tendencies. Physicians will establish practices in areas where the greatest re-

Nation's Health Needs

AMONG THE recent recommendations made by the *President's Commission on Health Needs of the Nation* are the following:

- Voluntary, pay-in-advance health insurance plans should be accepted as the best way to increase the nation's medical care.
- Each state government should set up a separate health authority that would meet minimum federal standards.
- Social Security funds should be used to provide immediate medical coverage for those over 65, and public assistance grants should be extended to pay the insurance premiums for those unable to afford them.
- Federal grants should help state and local governments in providing facilities for tuberculosis and mental patients and other victims of long-term illness.

muneration is likely. They are becoming specialists in tremendous numbers because of the attraction held by large fees. The practice of fee splitting between practitioner and the surgeon to whom he refers a patient is widespread. Ghost surgery, where the practitioner will claim to do the operation but will call in a surgeon when the patient is under anesthesia, is a common device. Too much unnecessary surgery is being performed today with an eye toward lucrative fees.

All this has become so much of a concern that Dr. Paul Hawley, Director of the American College

of Surgeons, has found it necessary in a recent interview to condemn sharply some of the current professional tendencies. In no uncertain terms he says:

"Fee splitting is wrong because it disrupts the complete honesty and openness that should exist between a physician and his patient. The patient is deceived in his financial relationship with the referring physician and the surgeon, and his trust in them is violated. Fee splitting introduces an inducement which may influence the professional judgment of the referring physician. This results in a lot of bad surgery and a terrible lot of unnecessary surgery. You'd be shocked, I think—we are—at the amount of unnecessary surgery that is performed."

For all these reasons, then, it becomes important that watchdog measures be in constant operation, as they are in business, to insure that the American consumer get a fair and honest return on his dollar and that abuses are prevented.

*N*OW FOR THE general public. About five percent of the family budget goes toward medical expenses. That takes care of only the minimum medical needs and is a constant and predictable figure to contend with. What about the unpredictable costs? What

family can rest completely at ease today, unafraid of the financial consequences of sudden medical catastrophe?

A feature story made news recently when a family involved in a car crash saw its three-year-old hospitalized. A brain injury necessitated surgery, and a team of 'round - the - clock nurses held watch. Slowly all medical insurance money slipped away, private finances became exhausted, debts were incurred, and still there was no end in sight for the expenses. Were it not for the man's college classmates who contributed thousands of dollars to keep the child cared for, the situation would have been hopeless. As it is, the child is still in danger and the financial troubles for the family have only begun.

This is an extreme example but it must be remembered that about half of the 80 percent of our families whose income is below \$5,000 yearly are already in debt. For the rest, savings and assets would be endangered by any prolonged medical expenses. Much of this was borne out at eight cross-country regional hearings held by the Commission on the Health Needs of the Nation. Dr. Paul B. Magnuson, who headed the group, reports that the "public outpouring at these hearings exceeded our most sanguine hopes. The good people came in, from the big city

and from the forks of the creek, and they gave up moving testimony of their deep and abiding concern for better health for all." Most of them spoke about the financial havoc caused by prolonged illnesses.

Obviously then, the problem reduces itself to methods of financing all sorts of medical cost including hospital and physician fees. The present setup where the physician charges what the traffic will bear, depending on a person's income, has a charitable or exploiting air about it and is no businesslike solution. An income statement should be reserved for the Department of Internal Revenue and not the M.D. A man's efficiency and competency should earn him a reward that patients can reasonably render. Hospital costs have gone up, and again the patient should render equitable payment. The only way that the consumer can pay expenses beyond those which are routine is with the aid of a complete insurance plan.

At present, in order to achieve complete coverage, one would have to subscribe to at least three separate plans, because private insurance companies, Blue Cross, Blue Shield, and others only handle parts of the medical bill. About twenty years ago medical spokesmen called these various insurance plans unsound and unworkable. To-

day these same men have reversed their position. But now they call *comprehensive* insurance for every medical need, especially dental care, the same names. Perhaps in another twenty years they will concede again what is obvious now.

ONE OF THE carefully weighed points made by the Commission on the Health Needs of the Nation is "that the growth of prepayment plans, and the extension of preventive medicine, will increase the demand for physicians to a point higher than the present or predicted total supply, even if an ideal distribution were possible." They went on to recommend doubling the present billion dollar expenditure for federal-state health programs and urging grants to help bigger expansion of prepayment insurance plans.

If people were able to afford it they would make more frequent and periodic preventive trips to the doctor's office or clinic. Surveys indicate that the frequency of these trips definitely correspond to income level, ranging from a yearly average of two trips for those earning \$1200 to five trips for those earning more than \$10,000. Prepayment coverage for the ounce-of-prevention checkups would bring examinations up to a requisite level. All this would, of course, again increase the need for doctors, but

this need is a foregone conclusion if national health needs are to receive full attention.

Better health invariably requires more doctors to cope with the problems. Since the doctor is the kingpin to more extensive health coverage, his fee requirements, research expenses, and the like must be satisfactorily met. This brings us back to a pre-paid insurance plan which the consumer can draw on regardless of his income in order to get the best care available.

ALREADY THERE are a number of groups that work on a self-insurance basis: the United Mine Workers of America, International Ladies' Garment Workers' Union, and industrial firms like the Kaiser-Frazer Corporation. They have built their own medical centers and administer their own funds. Also, about 50 million employees all over the country have some kind of policy which is either payroll deductible or even paid for by the company itself as part of its fringe benefits to labor.

Indicative of how industry regards insurance-for-health as vital is the latest proposal for the formation of an American Federation of Medical Centers. The AFMC would be industry-sponsored and would provide *complete* medical care for less than \$100 a year per person. It envisions medical centers pin-pointed all over the country. Here may be the answer to the problem of getting an adequate geographic distribution of doctors because the centers would provide attractive income and research facilities.

Plainly, the demand for better and more extensive medical care is shared by public and industry. There are differences of opinions about how this can be achieved. But it can be achieved if the consumer can insure himself comprehensively at reasonable cost. At the same time a greater supply of physicians must be encouraged and a cross-country level of remuneration and research facilities be established.

Let's put the nation's health on a business basis. ■

Coffee Time

*F*OR THE FIRST TIME since 1942, coffee was recently restored to free buying and selling status in Britain—and this almost precipitated a domestic crisis.

British cooks—out of practice at coffee making, and faced with a scarcity of cream—started concocting a weak, pale brew called white coffee, which looks very much like milky tea. "Punch," the British humor magazine, commented on the affair with a cartoon showing a customer telling a waiter: "If this is coffee, bring me tea. But if it's tea, bring me coffee."

ECONOMICS IN ACTION (continued)

The spring season has already seen the manufacture of a million nylon dresses--with synthetics production constantly on the upgrade...Current nylon output totals 150 million pounds a year--one-third of it going for military uses...The silkworm, however, is by no means a poor relation. Especially in mixtures with acetate and Orlon, it has climbed out of the sales doldrums to a twenty-five-year peak...Another prosperous clothing industry is the shoe business. Almost 500 million pairs of shoes will be sold this year--at prices 15 percent below last year's....

After a year-long embargo, this country has again opened her border for cattle trade with Canada. Previously importing \$20 to \$30 million worth of beef a year, America had called a halt to livestock imports because of an outbreak of foot-and-mouth disease among Canadian cattle...American beef prices are so low, however, that trade has been going the other way so far--Canadian meatpackers buying the cheaper American meats...Veal prices, incidentally, have finally toppled on the wholesale market and those chops and cutlets in the butcher shop should be cheaper soon....

Instead of appropriating several hundred million dollars of federal funds to finance the St. Lawrence Seaway, several Republican senators want a private development corporation to do the job--with a \$5 million grant from the Treasury as a starter...Under a federal guarantee, the corporation would then issue up to \$100 million of bonds...The idea will stir controversy when it comes up in Congress, since private interests as well as political principles are at stake in the project....

ECONOMICS IN ACTION

Senator Taft has asserted that the chances are good for Congressional agreement on about fifteen changes in the Taft-Hartley law...Most favorable amendment for labor would be a change in the so-called "union-busting" clause that bars workers who had been fired for going on strike from voting in elections for union representation...The CIO has joined the chorus for "trade not aid" but warns that the slogan is dangerous if we only use it as an excuse to cut foreign aid, for that would play right into the hands of the Communists...

While most stocks dropped in the uncertainty after Stalin's death, the value of old Russian Tsarist bonds jumped up sharply...Thanks to inflation, the coronation of Queen Elizabeth II will cost three times what her father's coronation cost sixteen years ago...French wine surpluses have brought about plans for curbing grape production that are reminiscent of the "little pigs" plan of the early New Deal...Italy, far from having surpluses, is in trouble because her imports for last year outran her exports by a billion dollars--a large sum for a dollar-short nation....

Department of Better Mousetraps: a mixture of ground glass and minerals, said to keep lawns sturdy and green....a scarecrow with a built-in shotgun that goes off every two minutes...fish frozen into geometric shapes...rhinestone-studded metal fingernails to help the social climber claw her way...an ignition "code" instead of an ignition key--guards against auto theft and drunken-driving...from France, a battery-powered electric wristwatch...and from Sweden, the last word in beachwear--a plastic bathing suit, guaranteed to give an all-over suntan....